

**CITY OF UPLAND  
PROFESSIONAL SERVICES AGREEMENT**

This Agreement is made and entered into as of September 12, 2022 by and between the City of Upland, a public agency organized and operating under the laws of the State of California with its principal place of business at 460 N. Euclid Avenue, Upland, CA 91786 ("City"), and HdL Companies, a California CORPORATION with its principal place of business at 120 S. State College Blvd., Suite 200, Brea, CA 92821 (hereinafter referred to as "Consultant"). City and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

**RECITALS**

A. City is a public agency of the State of California and is in need of professional services for the following project:

Contract Business License Services (hereinafter referred to as "the Project").

B. Consultant is duly licensed and has the necessary qualifications to provide such services.

C. The Parties desire by this Agreement to establish the terms for City to retain Consultant to provide the services described herein.

**AGREEMENT**

**NOW, THEREFORE, IT IS AGREED AS FOLLOWS:**

1. Services.

Consultant shall provide the City with the services described in the Scope of Services and Schedule of Charges attached hereto as Exhibit "A."

2. Compensation.

a. Subject to paragraph 2(b) below, the City shall pay for such services in accordance with the Scope of Services and Schedule of Charges set forth in Exhibit "A."

b. In no event shall the total amount paid for services rendered by Consultant under this Agreement exceed the sum of \$395,000. Periodic payments shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly billing basis.

c. The City Manager may approve Additional Work, as further defined in Section 3, up to ten percent (10%) of the amount of the Agreement or thirty nine thousand five hundred dollars (\$39,500.00). In no event shall the total sum of the agreement (original compensation amount and Additional Work) exceed four hundred thirty four thousand five hundred dollars (\$434,500.00). Any additional work in excess of this amount shall be approved by the City Council.

3. Additional Work.

If changes in the work seem merited by Consultant or the City, and informal consultations with the other party indicate that a change is warranted, it shall be processed in the following

manner: a letter outlining the changes shall be forwarded to the City by Consultant with a statement of estimated changes in fee or time schedule. An amendment to this Agreement shall be prepared by the City and executed by both Parties before performance of such services, or the City will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under the contract for inspection by City.

5. Term.

The term of this Agreement shall be from **October 1, 2022 to June 30, 2025**, unless earlier terminated as provided herein. The Parties may, by mutual, written consent, extend the term of this Agreement for two, one-year additional terms.

6. Delays in Performance.

a. Neither City nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; pandemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

b. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government, including Cal/OSHA requirements.

b. If required, Consultant shall assist the City, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies.

c. If applicable, Consultant is responsible for all costs of clean up and/ or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

8. Standard of Care

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the City, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Nothing contained herein shall prevent Consultant from employing independent associates, and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor

Consultant is retained as an independent contractor and is not an employee of City. No employee or agent of Consultant shall become an employee of City. The work to be performed shall be in accordance with the work described in this Agreement, subject to such directions and amendments from City as herein provided.

a. PERS Eligibility Indemnification

In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System ("PERS") to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

11. Insurance. Consultant shall not commence work for the City until it has provided evidence satisfactory to the City it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

a. Commercial General Liability

(i) The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the City.

(ii) Coverage for Commercial General Liability insurance shall be at least as broad as the following:

(1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

for the following: (iii) Commercial General Liability Insurance must include coverage

- (1) Bodily Injury and Property Damage
- (2) Personal Injury/Advertising Injury
- (3) Premises/Operations Liability
- (4) Products/Completed Operations Liability
- (5) Aggregate Limits that Apply per Project
- (6) Explosion, Collapse and Underground (UCX) exclusion deleted
- (7) Contractual Liability with respect to this Agreement
- (8) Property Damage
- (9) Independent Contractors Coverage

(iv) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.

(v) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(vi) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the City, and provided that such deductibles shall not apply to the City as an additional insured.

b. Automobile Liability

(i) At all times during the performance of the work under this Agreement, the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the City.

(ii) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

(iii) The policy shall give City, its officials, officers, employees, agents and City designated volunteers additional insured status.

(iv) Subject to written approval by the City, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the City as an additional insured, but not a self-insured retention.

c. Workers' Compensation/Employer's Liability

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) To the extent Consultant has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement, the Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period required by this Agreement, workers' compensation coverage of the same type and limits as specified in this section.

d. Professional Liability (Errors and Omissions)

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the City and in an amount indicated herein. This insurance shall be endorsed to include contractual liability applicable to this Agreement and shall be written on a policy form specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

e. Minimum Policy Limits Required

(i) The following insurance limits are required for the Agreement:

Combined Single Limit

Commercial General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage
Automobile Liability	\$1,000,000 combined single limit
Employer's Liability	\$1,000,000 per accident or disease
Professional Liability	\$1,000,000 per claim and aggregate (errors and omissions)

(ii) Defense costs shall be payable in addition to the limits.

(iii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with the City evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required

herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

g. Policy Provisions Required

(i) Consultant shall provide the City at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the City at least ten (10) days prior to the effective date of cancellation or expiration.

(ii) The Commercial General Liability Policy and Automobile Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by the City or any named insureds shall not be called upon to contribute to any loss.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to provide a waiver of subrogation in favor of the City, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(v) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant's indemnification obligations to the City and shall not preclude the City from taking such other actions available to the City under other provisions of the Agreement or law.

h. Qualifying Insurers

(i) All policies required shall be issued by acceptable insurance companies, as determined by the City, which satisfy the following minimum requirements:

(1) Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

i. Additional Insurance Provisions

(i) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the City, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(ii) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement.

(iii) The City may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(iv) Neither the City nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

j. Subconsultant Insurance Requirements. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the City that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the City as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, City may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the City, its officials, officers, employees, agents, or volunteers.

b. If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

c. City acknowledges and agrees that any other public agency (including, without limitation, any participating government agency) located within or outside of the State (e.g., city, municipality, county, district, public authority or other political subdivision), may procure services for fees and other terms and conditions that are substantially similar to any of the Services, Fees and other terms and conditions set forth in this Agreement, provided that such other public agency executes a separate agreement with Consultant wherein the services rendered to such other public agency, the fees payable by such other public agency, and the other terms and conditions of such separate agreement are the responsibility of the Consultant and such other public agency and not City.

### 13. California Labor Code Requirements.

a. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects ("Prevailing Wage Laws"). If the services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1). The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

b. If the services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

c. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that



affect Consultant's performance of services, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the City. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

14. Verification of Employment Eligibility.

By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subconsultants and sub-subconsultants to comply with the same.

15. Reserved.

16. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of San Bernardino, State of California.

17 Termination or Abandonment

a. City has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, City shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. City shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by City and Consultant of the portion of such task completed but not paid prior to said termination. City shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to City only in the event of substantial failure by City to perform in accordance with the terms of this Agreement through no fault of Consultant.

18 Documents. Except as otherwise provided in "Termination or Abandonment," above, all original field notes, written reports, Drawings and Specifications and other documents, produced or developed for the Project shall, upon payment in full for the services described in this Agreement, be furnished to and become the property of the City.

19. Organization

Consultant shall assign Joshua Davis, Associate Director of Tax and Fee Administration as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of the City.

20. Limitation of Agreement.

This Agreement is limited to and includes only the work included in the Project described above.

21. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

CITY:

City of Upland

460 N. Euclid Avenue

Upland, CA 91786

Attn: Michael Blay, City Manager

CONSULTANT:

HdL Companies

120 S. State College Blvd., Suite 200

Brea, CA 92821

Attn: Robert Gray, Director of Tax and Fee Administration

and shall be effective upon receipt thereof.

22. Third Party Rights

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the City and the Consultant.

23. Equal Opportunity Employment.

Consultant represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

24. Entire Agreement

This Agreement, with its exhibits, represents the entire understanding of City and Consultant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each Party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both Parties hereto. This is an integrated Agreement.

25. Severability

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the remaining provisions unenforceable, invalid or illegal.

26. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each Party to this Agreement. However, Consultant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of City. Any attempted assignment without such consent shall be invalid and void.

27. Non-Waiver

None of the provisions of this Agreement shall be considered waived by either Party, unless such waiver is specifically specified in writing.

28. Time of Essence

Time is of the essence for each and every provision of this Agreement.

29. City's Right to Employ Other Consultants

City reserves its right to employ other consultants, including engineers, in connection with this Project or other projects.

30. Prohibited Interests

Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no director, official, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

**[SIGNATURES ON FOLLOWING PAGE]**

**SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT  
BETWEEN CITY OF UPLAND  
AND HDL COMPANIES**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY OF UPLAND

By: 

\_\_\_\_\_  
MICHAEL BLAY  
CITY MANAGER

HDL COMPANIES

By: 

Its: President

Printed Name: Andrew Nickerson

By: 

Its: CFO

Printed Name: Richard Park

**(Two Signatures of Corporate Officers  
Required For Corporations)**

ATTEST:

By: 

\_\_\_\_\_  
KERI JOHNSON,  
CITY CLERK

## EXHIBIT A

### Scope of Services and Schedule of Charges

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# City of Upland

## PROPOSAL FOR CONTRACT BUSINESS LICENSE SERVICES

June 6, 2022

# HdL<sup>®</sup> Companies

### SUBMITTED BY

HdL Companies  
Corporate Office: Brea, CA  
Operations Center: Fresno, CA  
[hdlcompanies.com](http://hdlcompanies.com)

### CONTACT

Robert Gray  
T: 714.879.5000  
E: [rgray@hdlcompanies.com](mailto:rgray@hdlcompanies.com)



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# LETTER OF INTEREST

June 6, 2022

City of Upland  
460 N. Euclid Ave.  
Upland, CA 91786  
Electronic Submission to [sparker@uplandca.gov](mailto:sparker@uplandca.gov)

HdL Companies (HdL) is pleased to submit our proposal for Contract Business License Services. With almost 40 years of experience, HdL provides revenue enhancement and consulting services to local governments. Our firm serves over 600 cities, counties and special districts across the nation and has recovered more than \$3 billion in revenue. We use our expertise to analyze tax data to provide relevant insights to support your financial strategies. Our commitment to innovative solutions and quality customer service is valued by our clients, proven by our 99.6% client retention rate and the over 60 California municipalities who have switched to HdL from other service providers.

Our contact information is:

Robert Gray, Director of Tax and Fee Administration  
HdL Companies  
120 S. State College Blvd., Suite 200 Brea, CA 92821  
Ph: 714,879,5000 Website: [www.hdlcompanies.com](http://www.hdlcompanies.com)

HdL offers the following advantages:

- Relevant, timely and ongoing staff support by a team with decades of direct experience in municipal finance and budgeting, economic development and maximization of revenues.
- Technology-driven resources for data analysis and reporting capabilities, providing immediate and convenient access to the most up-to-date tax and fee information.
- Expertise, analysis, recaptured revenues, and precise budget forecasts to maximize your revenue streams.
- Reliable continuity of service by a firm with stable employee ownership and a low staff turnover rate.

HdL is uniquely suited to deliver our high quality and full-service solutions to the City and its business community in the areas outlined in this proposal. HdL will provide unparalleled service, reporting, and analytics due to synergies between the various tax programs requested by the City. HdL will not be using any subcontractors for the project.

HdL agrees to perform the services in the City's RFP and commit to providing the City with the dedication, time, personnel and resources needed for this project. We look forward to reviewing the proposal with you in more detail and demonstrate how HdL can continue to enhance Upland's bottom line. Please call if you have questions or need additional information. I can be reached at 714,879,5000 or by email at [rgray@hdlcompanies.com](mailto:rgray@hdlcompanies.com).

Sincerely,



Robert Gray  
Director of Tax and Fee Administration



## GENERAL APPROACH

HdL has a unique understanding of the challenges our hundreds of clients face. The City of Upland faces many of those same challenges: decreased revenues as a result of the global pandemic, limited staff, and increased operational costs. HdL is positioned to offer the City relief, while providing a superior level of service.

The Business License Tax Administration Service provides a turnkey approach for local governments that need assistance with administering business license taxes. Our team of experts can manage all or parts of the business tax operations conducted by the City. When combined with the Compliance Management services, the City receives the benefit of increased revenues and superior customer service, while reducing internal costs and gaining efficiencies.

This “trifecta” of increasing city revenues and support to the business community, while simultaneously reducing costs, is becoming more and more difficult for cities to accomplish. Our programs are so successful in this endeavor, that most of our clients not only reduce costs, but actually see new revenues exceeding the cost of the program, resulting in the City receiving the contracted administration services effectively at no cost.

The City has recognized that efficiency and level of service are improved by offering the business community an on-line platform for business licensing needs. HdL offers robust online solutions for managing compliance of municipal Business License Taxes and its related functions. We are ever mindful of the important role that customer service plays in the successful implementation of a compliance and revenue collection program. Therefore, HdL will make every effort to ensure that all communications with the City’s business community are kept at a professional level, maintaining a careful balance between compliance, revenue collection, tactfulness, sensitivity, and taxpayer education. HdL also provides updates on trends and legislation that could impact the City’s revenue streams.

HdL is the only firm which also provides tightly integrated local tax services as needed, including modernizing your municipal code and tax structure, discovery and audit services, and consulting services which encompass any circumstance which may be encountered in the realm of local government licensing and taxes. Our compliance services integrate closely with our software, providing an electronic remittance package which eliminates data entry.



## PROJECT UNDERSTANDING AND APPROACH

### 1. Business License Tax Administration

HdL's Business License Tax Administration Services include the following:

**Data Migration & Systems:** HdL will transfer the City's existing databases from Central Square as they relate to business license tax into HdL's internal administration tools. HdL will maintain the data and provide access to or copies of data and reports at the City's request. While access to online systems will be available for the City to use at their discretion, the City will not be required to use or maintain any software in house for managing the business license registry.

**Renewal Processing:** All active business license accounts will receive a renewal notification within 45 days of the renewal period ending. Accounts will receive all applicable forms necessary to complete the renewal process. Depending on City specific processes, renewals can be processed via mail, e-mail, telephone, and online.

**New Account Processing:** HdL will process any new business license applications and complete the new account registration process in a timely fashion and in accordance with City approved processes. HdL will also facilitate intra-city departmental approvals such as zoning, code compliance, fire inspection, and other regulatory related functions. Using our online platform, approvals to other departments can be routed and approved via email and website access. Depending on City specific processes, new accounts can be processed via mail, e-mail, telephone, and online.

**Delinquent Account Processing:** HdL will process and collect delinquent accounts through a series of City approved processing methods. This will include at minimum three follow up delinquent notices, including by mail, email, and telephone calls. Delinquent accounts will be collected with full penalties as allowed by the Municipal Code or through current City practices.

Delinquent account processing is included in HdL's standard administration program and accounts processed this way are not subjected to any additional fees. Accounts that remain non-compliant after the delinquent account process, will be processed through the City approved guidelines established in HdL's collections component of the Compliance Management Program.

**On-Line / Web Services:** HdL creates a unique City website which will serve as the starting point for all web-based activities. This City specific site is designed to look and feel like the City's own web pages and ensures a level of continuity between the business community, the City, and HdL. Alternatively, the City's existing website can be used as the launch point for all web-based activities, linking to the HdL managed functionality.

HdL's website offers a variety of online functions to service the business community. While most of the website is a self-service platform for the business community, HdL staff reviews each account processed online for accuracy and compliance with City guidelines and procedures. In addition to filing and paying for taxes, businesses can obtain copies of applications, general support and FAQs, schedule appointments, and request copies of their tax registration, all with the click of a button. Our on-line services underscore HdL's commitment to excellence in customer service and education by continually improving the registration and payment experience for the business community. Online functionality available to the business community includes:

- Submission of a new application
- Renewal of existing account
- Closure request
- Pay a balance due
- Update account information
- Print Certificate
- Public record inquiries

## PROJECT UNDERSTANDING AND APPROACH

**Payment Posting/Processing:** HdL will process all payments received in an expedited manner. License accounts will be updated daily with payment information and revenues to be disbursed to the City net applicable fees at an interval to be agreed to during the project planning phase. Disbursements typically occur monthly but can be remitted as often as weekly depending on volumes and City needs. HdL's payment acceptance process accepts the following payment types:

- Check / Money Order /Cashier's Check
- E-Check
- Debit Cards
- Credit Cards (Visa, Mastercard, Discover, and American Express)
- Check by Phone

HdL currently utilizes a standard payment gateway provider for on-line payment acceptance. HdL will work with the City to determine which provider, rate structures, and card types meet the City's needs. HdL can also utilize the same provider and process used by the City's current on-line functionality for an additional set-up fee.

**Business Support Center:** HdL provides businesses with multiple support options for registering, renewing, making payments and for general inquiries. A local, city specific number will be provided to businesses to access one of our tax specialists, Monday-Friday 8:00am to 5:00pm Pacific. Businesses will also have access to support via e-mail, fax, and via the Business Support Center On-Line. HdL constantly monitors quality control points to ensure courteous customer service, minimal hold times (under 90 seconds), and the return of voice messages the same business day.

**Client Support:** Each service HdL provides has our clients' needs at the forefront of our deliverables. Our client support team stands with the City from the contracting phase and every step of the way thereafter. Whether our clients reach out to our support team by email or phone, clients can expect immediate and professional responses to all inquiries. Dedicated client support representatives assist our clients with a variety of needs, including budget and forecast support, taxpayer dispute resolution, and general business tax inquiries.

**Reporting:** HdL provides a variety of standard reports monthly during our remittance processes. However, each client has unique ongoing reporting needs and can require a variety of ad-hoc requests from across City divisions. All report requests are processed and delivered to the City at no additional charge. Report requests can be delivered in formalized reporting formats or can be detailed data driven spreadsheets.

In addition to requesting reports from our client support team, the City has access to a variety of web-based services to run reports and make selective account inquiries. Our management portal provides a number of preset reports the City can run on real-time data. Custom reports can also be added to the portal for future needs. Detailed account lookup features are also available, should the city need information about a specific business.

**Ancillary Services:** Business license tax departments can be relied upon by the City to accomplish many non- related tasks. Recently, the new state laws have also burdened cities with additional process requirements that rely on business license tax departments to take on unrelated work. HdL assists cities with several ancillary programs including keeping up with new legislation and assisting other City departments with their requests. Ancillary services provided as a part of the program include but are not limited to:

- SB1186 state fee collection, remittance, and reporting
- SB205 (Storm Water) compliance and monitoring
- Collection of additional fees (Improvement Districts, Fire Inspection, Zoning, Etc.)
- Community outreach and information campaigns
- AB 2184 (Privacy Rights) service of process configurations, public search modifications, and personal information security

## 2. Business License Tax Discovery/Compliance and Auditing Services

HdL offers the most complete solutions for managing compliance of municipal Business License Tax including for Discovery, Audit, and Collections of various locally administered taxes. When selecting HdL, the City will benefit from the depth and breadth of municipal experience from a team of experts that work together with the City every step of the way.

The HdL Business License Discovery and Audit program's general scope of services is as follows:

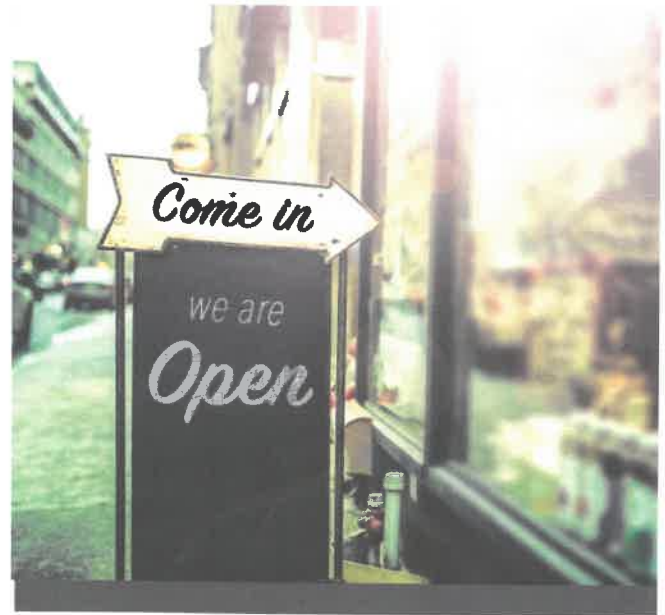
### Business License Tax Discovery

**Enriched Data Portfolio/Lead Identification:** Utilizing data provided by the City, as well as the HdL Enriched Data Portfolio (EDP), HdL's team builds an enhanced listing of entities subjected to licensure or taxation including, but not limited to, those businesses physically located in the City, itinerant businesses, and entities participating in the sharing economy such as short-term rentals (STRs), drive sharing services and others. HdL's data portfolio pulls from hundreds of sources such as internal sales and property tax databases, CDTFA and Franchise Tax Board lists, Secretary of State listings, local publications, international web-based publications, as well as locally administered business and tax databases letting the City capture every penny that is fair and equitably due to you.

**Field Surveys:** Experienced field crews, equipped with the most advanced tools available (mobile mapping/GPS systems, tablet computers pre-loaded with various City and state-wide databases, etc.) may canvass commercial areas of the City to develop and enhance the leads identified in the EDP. Field Surveys provide additional inventories of active businesses as well as to provide on-site verifications of data culled from other sources.

**Exception Resolution:** Records are reviewed by our skilled team members, filtering out records that may lead to erroneous contacts. This extra step allows staff to find additional revenues not otherwise identifiable through electronic means and assists in reducing potential complaints levied at City staff and management from pursuit of false positives.

**Compliance Communication and Outreach:** Upon exception resolution, HdL staff initiates contact with the identified entities through a series of City approved communication methods. HdL makes every effort to simplify the process for taxpayers and utilizes a variety of mediums for communication including mail, telephone, email and web-site access. Potential non-compliant entities are notified of their options to comply or dispute their non-compliant status. Initial notification packets include everything a business needs to become compliant and multiple methods of resolving their accounts.





### Compliance and Auditing Services

**Analysis and Selection:** Audit candidates are selected using a variety of selection methodologies developed by our audit team with decades of business license tax audit experience. Preliminary analysis reports on each business selected are shared with the City prior to moving through the audit phases.

**Audit Notification and Scheduling:** Businesses selected by HdL and approved by the City are sent a letter notifying them of a scheduled Compliance Analysis Audit. Every effort is made to promote a positive experience for the taxpayer. A detailed description of the requirements and relevant documentation required for the audit is provided to the business two weeks in advance of the proposed audit date. If the business is unable to meet the audit date selected by the City, all efforts to reschedule the audit to a more accommodating date will be made. Businesses are also afforded the opportunity to schedule flexible appointment times by contacting the Business Support Center or visiting our online support center.

**Compliance Analysis and Audit:** The HdL audit team will audit the financial records of the business to determine compliance with business tax regulations. HdL validates taxing variables such as gross receipts and other relevant information for determining compliance. In addition to identifying underreporting issues, the HdL Audit Program will also focus on other compliance related issues such as assuring correct classifications, multiple location allocation, apportionment issues, and identifying business to business relationships that may create tax liability for third parties.

**Audit and Compliance Report:** Upon completion of the audit and analysis, and prior to additional actions, a compliance report will be generated and reviewed with the City. The report will indicate specific results of the review and recommended future actions. Documentation that substantiates the findings in the report will be included with the report to assist the City and HdL in determining next step of the process.

**Deficiency and Commendation Notification:** Upon final review of the audit and analysis report, businesses that are found to have deficiencies will be notified of the findings as well as the payment and appeal processes. HdL will also work with businesses found to be deficient to explain the current findings and educate taxpayers on proper future filing procedures to prevent future errors and deficiencies. Businesses found to be in compliance, will be sent a commendation letter thanking them for their compliance.

**Invoicing and Collections:** Business found to be underreporting are invoiced through the standard City approved collections process. Balances are collected and remitted along with supporting documentation to the City through the approved remittance processes.



## Proposed Work Schedule and Timeline

Event	HdL	Client
Contract signed and received by HdL	✓	✓
<b>DISCOVERY - STAGE 1 (1-2 weeks)</b>	✓	✓
Conference Call - HdL Sales, PM, IT, Client Stakeholders - Review contract, special conditions/programming	✓	✓
Client to provide forms, ordinances, fee resolutions, business rules, logo(s), users authority, payment gateway, Provide contact info for client stakeholder and walk-through business license process.	✓	✓
Send sample letters to Client, Provide list of all information required by HdL, Provide contact info for HdL stakeholders.	✓	
Provide client IT with FTP account information, instructions for sending data	✓	
Upload client data to FTP server, (SQL or Access) Send screenshots (all screens for variety of account types)		✓
<b>PROJECT KICK OFF AND SET UP - STAGE 2 (3-4 weeks)</b>	✓	✓
Project kick off conference call	✓	✓
Begin data conversion	✓	
Project Manager build tables, fee, messages, etc.	✓	
Reports, forms and letters requested/development/review/edit/approval	✓	
Project Manager test approval with forms	✓	
HdL Tech and Project Manager review and test 1st conversion	✓	
Send city the preview version of Prime (screenshots)	✓	
Client to confirm user permissions		✓
Client to confirm Approvals process		✓
<b>GO LIVE - STAGE 3 (1-2 weeks)</b>	✓	
Sign-off on conversion fee calculation		✓
Run script in client's live database for new renewal cycles		✓

## PROJECT UNDERSTANDING AND APPROACH

### Staff Assignments

Staff	Task
Director	Business registration process development
Client Advisor	Sales and project scope
Implementation Consultant	Project manager
Client Onboarding	Communication liaison with client
Developer	Oversees data conversion
Reports Designer	Development of reporting
Systems Technician	IT liaison
Remittance Manager	Monthly Financial Remittances
Tax Specialists	New business registration, Renewal Processing Customer Support
Operations Manager	Customer Support

## FIRM HISTORY

## HdL® Companies

1983



Hinderliter, de Llamas and Associates (HdL) was established in 1983 to maximize local government revenues by providing allocation audits, analytical services, and software products to local governments. The firm, which is a 100% employee-owned company, provides audit and consulting services for sales, use and transaction taxes, cannabis taxes and other locally administered taxes. HdL developed California's first computerized sales tax management program and was responsible for securing legislation (AB 1611) that allowed independent verification of state allocations. HdL Software was formed in 1996 to provide innovative software processing tools for business licensing, transient occupancy taxes and other locally administered revenues.

HdL's systematic and coordinated approach to revenue management, tax administration and economic data analysis is currently being utilized by over 500 agencies in eleven states.

Currently partnering with over 220 cities and counties in California for services including business license tax/registration, transient occupancy tax, cannabis tax, and short-term rentals, HdL processes hundreds of millions in revenue annually from locally collected taxes.

## FIRM QUALIFICATIONS

HdL maintains the largest privately held sales, property, and business tax databases in California. The firm constantly improves and enhances the California Department of Tax and Fee Administration (CDTFA) raw registration data by correcting addresses and business names, differentiating brick and mortar retailers from business to business and online taxpayers and adding new business classifications to better identify emerging trends and economic opportunities. This highly enhanced database serves as the base for identifying emerging economic trends and developing budget projections that take those trends into account.

The database also includes continually updated registration data for every seller in California, allocation data for 502 of the state's 538 agencies and 239 transactions tax districts, business license data for over 700,000 businesses, property tax data for every jurisdiction in the 38 largest counties, a constantly updated automated telephone directory for all of California and thousands of business contacts developed through three decades of audit and business development activity.

To date, HdL has recovered more than \$3 billion in revenue for client agencies. HdL is the leading provider of local tax revenue administration services and compliance in California. Currently partnering with over 220 cities and counties in California for services including business license tax/registration, transient occupancy tax, cannabis tax, and short-term rentals, HdL processes over hundreds of millions in revenue annually from locally collected taxes.



### 3 RELEVANT EXPERIENCE

**PROUD**  
TO HAVE SERVED  
LOCAL GOVERNMENTS  
AND  
SPECIAL DISTRICTS  
FOR OVER  
**40 YEARS**

**100%**  
EMPLOYEE  
OWNED

HdL is a Corporate Partner of the League of California Cities and California State Association of Counties and works extensively with the State Association of County Auditors, California Society of Municipal Finance Officers (CSMFO) and California Municipal Revenue and Tax Association (CMRTA) on anticipation and planning of programs to strengthen local government revenues, and monitoring of legislative actions which impact local governments.

This close understanding of local government needs coupled with extensive databases and advance methodology provides for the most relevant, productive and responsive, revenue recovery, forecasting and economic services available.



CALIFORNIA  
SOCIETY OF MUNICIPAL  
FINANCE OFFICERS



## REFERENCES

### **City of West Covina – Business License Services Client Since 1998**

Paulina Morales, Assistant City Manager, 626.939.8401, [pmorales@westcovina.org](mailto:pmorales@westcovina.org)

1444 W. Garvey Avenue South | West Covina, CA 91790

HdL currently provides business license administration and compliance services and transient occupancy tax services.

### **City of Lancaster – Business License Services Client Since 2019**

George Harris, Finance Director, 661.723.6000, [gharris@cityoflanasterca.org](mailto:gharris@cityoflanasterca.org)

44933 N. Fern Ave., Lancaster, CA 90712

HdL currently provides business license administration, discovery and compliance services and transient occupancy tax services.

### **City of Vallejo – Business License Services Client Since 2020**

Rekha Nayar, Finance Director, 707.648.4527 [rekha.nayar@cityofvallejo.net](mailto:rekha.nayar@cityofvallejo.net)

555 Santa Clara Street, Vallejo, CA 94590

HdL currently provides business license administration, discovery and compliance services and transient occupancy tax services.

## STAFF QUALIFICATIONS AND EXPERIENCE

**Business License Tax Analysis Team**

HdL's key staff has extensive local government experience, having previously held positions in city management, finance, planning, economic development, and revenue collection. The HdL team includes several experienced business license tax department supervisors, certified revenue officers (CROs), and prior CMRTA board members

**Robert Gray – Director of Tax and Fee Administration Solutions**

Mr. Gray serves as Director of Tax & Fee Administration and has been with the firm since 1996. He has extensive experience in the design, development, implementation and support of local tax software systems for local government. He has played a key role in the design of 8 municipal software systems and approximately 275 successful implementations of those systems. He introduced HdL's local tax services, which provide tax administration and consulting services to an ever growing number of municipalities. While leading HdL's Tax & Fee Administration team through a period of significant growth, he has ensured that the team maintains its commitment to providing excellent customer service. He also oversees software development and IT as HdL's CIO. He earned a Bachelor of Science degree in Computer Science and a MBA from Azusa Pacific University.

**Joshua Davis – Associate Director of Tax and Fee Administration**

Mr. Davis has over 20 years of experience with local tax administration, discovery, and audit, and oversees a skilled team which provides the most sophisticated local tax administration services available to California municipalities. Trained in revenue audit and discovery techniques, he is skilled in navigating the complex scenarios and needs often encountered during such services. He also possesses strong technical and business process capabilities which he employs to aid HdL clients in meeting their strategic objectives. Prior to joining HdL, he was employed as a compliance service manager at a government services firm. His reputation amongst municipalities is that of a very capable local taxation expert who will help the municipality achieve their objectives while providing excellent customer service throughout the engagement. Notable projects he has managed include a long term and broad engagement supporting the City of Beverly Hills business tax team and administering business tax for the City of Roseville. All services provided through Mr. Davis's team enable municipalities to administer their tax programs more effectively, through both efficient operations and increased discovery and collection of tax due.

**Connor Duckworth - Client Advisor**

Mr. Duckworth has over ten years of experience working for both State and local municipalities and providing political consulting to candidates on a number of races and referendums. As a project manager, he is responsible for the development and implementation of business license, tax, and revenue related products and services. He has served as a lecturer and mentor to municipalities nationwide and served as a Vice-President on both Division and State Boards for the CMRTA. He has won the CMRTA Lighthouse Award of Excellence for creating the top business license and revenue program in the State. Additionally, Mr. Duckworth was elected to a countywide office for eight years which served the needs of over 200,000 residents.

## HdL will request modifications to the indemnity/liability limitation language.

Also, if awarded the contract, HdL requests the following language be added **if agreeable to the City**:

*Client acknowledges and agrees that any other public agency (including, without limitation, any participating government agency) located within or outside of the State (e.g., city, municipality, county, district, public authority or other political subdivision) may procure services for fees and other terms and conditions that are substantially similar to any of the Services, Fees and other terms and conditions set forth in this Agreement, provided that such other public agency executes a separate agreement with Consultant wherein the services rendered to such other public agency, the fees payable by such other public agency, and the other terms and conditions of such separate agreement are the responsibility of Consultant and such other public agency and not Client.*

### 1. Business License Tax Administration

The fee for this service is \$16\* per processed account, which is any account for which an application or renewal/return was processed, or active account which was sent a renewal notice.

\*CPI increase applied annually

### 2. Compliance Services -Business License Tax Discovery and Audit

The fee for discovery and audit services is 40% of the revenues and 25% of the collections received as a result of the service.

#### Discounts

Hdl understands the City has an active enforcement program and realizes the two programs may overlap with each other. As such, accounts worked by both the City and HdL will result in the standard fee discounted by 50%.

### 3. Hourly Rates

Additional services beyond the scope of services in this proposal are priced separately depending on the complexity of the tasks involved. Such fees can either be fixed or time and materials. Our currently hourly rates are listed below.

	Hourly Rate
Principal	\$325
Programmer	\$295
Senior Analyst	\$245
Analyst	\$195

## 6 APPENDIX

Activity report for current services follows this page.



# City of Upland

## Business Tax Operation Management Service Review

April 22, 2021

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# HdL<sup>®</sup> Companies

### SUBMITTED BY

HdL Companies  
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Brea, CA 92821  
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## Introduction

This report provides an overview of the services HdL has provided to the City of Upland for Business Tax Operation Management since launching our Operations Management Service on May 28, 2014. The report also summarizes specific projects that HdL and the City have completed during last five years.

### Investment in Services

As your administrator, we have stewarded **\$6,348,806** in Business Tax since 2016. We have done this with flexible staffing that meets your highly variable demand. For example, in **January, peak call volume alone can exceed 80 phone calls per day**, far exceeding the capacity of a single resource. By shifting resources, we were able to handle all of those calls within our agreed upon SLA, ensuring no businesses were waiting for assistance. At the same time with our flexible service, we were able to handle **600 to 700 e-mails during peak demand within a few business days**, rather the weeks it would take for a staff of 1 to 2 FTEs." *(Please see the section titled "Business Support Center" where you will find key success metrics and the volume of licensing activities.)*

**The average annual cost of services has been approximately \$85,000 for Business License Operation Management – or typically around 5% of total revenues.**

**As result of HdL's Discovery and Compliance Services, our team has identified and worked with the City to collect \$910,032 in additional Business License Revenue that otherwise would have not been collected by the City. If one were to offset the cost of operation management services with recoveries from the Discovery and Collection programs, the return to the City has been more than \$500K since the start of service, in other words, the rate of return is 210% on investment. Another way to view this is that HdL not only performed business license services for the City at no charge, but paid the City to do so, as the net cost of our operations service was -\$500,000.**

### Recent Events

HdL has worked hand-in-hand with the City on everything from regular e-mail blasts to custom reports to coordinating last minute renewal changes due to state legislation. Due to HdL's, large client base, we are able to gain efficiencies from the management of over 100 unique license and tax programs. As an HdL client, the City has saved an **estimated \$70K in custom software modifications**, report development, and other process enhancement related fees incurred by other cities that need to make changes to adapt to new legislation.

*State of California AB2184 – Immigrant Business Inclusion Act;*

- HdL implemented a series of software upgrades and process enhancements for the new state law that became effective on January 1, 2019. The bill required the removal of any section of the business license application exclusively requiring a social security number. Instead, a business license application must provide a means for accepting alternative forms of identification, including a California driver's license, identification number, or an individual taxpayer identification number (ITIN). The bill also allowed for the applicant to provide an address where the individual consents to receive service of process and would require a jurisdiction to accept a post office box or private mailbox that meets those requirements.

*State of California SB234 – Family Daycare Homes;*

- HdL adjusted the business license process for residential based daycare facilities for the new state law that became effective on September 5, 2019. The new law required a large family daycare home with up to 14 children to be treated as a residential use of property. The bill also prohibited a local jurisdiction from imposing a business license, fee, or tax for the privilege of operating a small to large family daycare home.



#### *State of California SB205 – Stormwater Discharge Compliance:*

- HdL implemented processes and procedures for the new state law that became effective on January 1, 2020. The bill mandates that local government agencies ensure that businesses regulated by the State Water Resource Board (SWRB) follow the NPDES permit program as part of the agency's business license process, for both applications and renewals. HdL has put in place several software and process modifications to accommodate the new legislation that utilizes SIC codes to indicate which businesses are required to demonstrate compliance. In general, HdL has been handling all business license tax requirements as they relate to this bill for the City of Upland.

#### *COVID-19 Pandemic:*

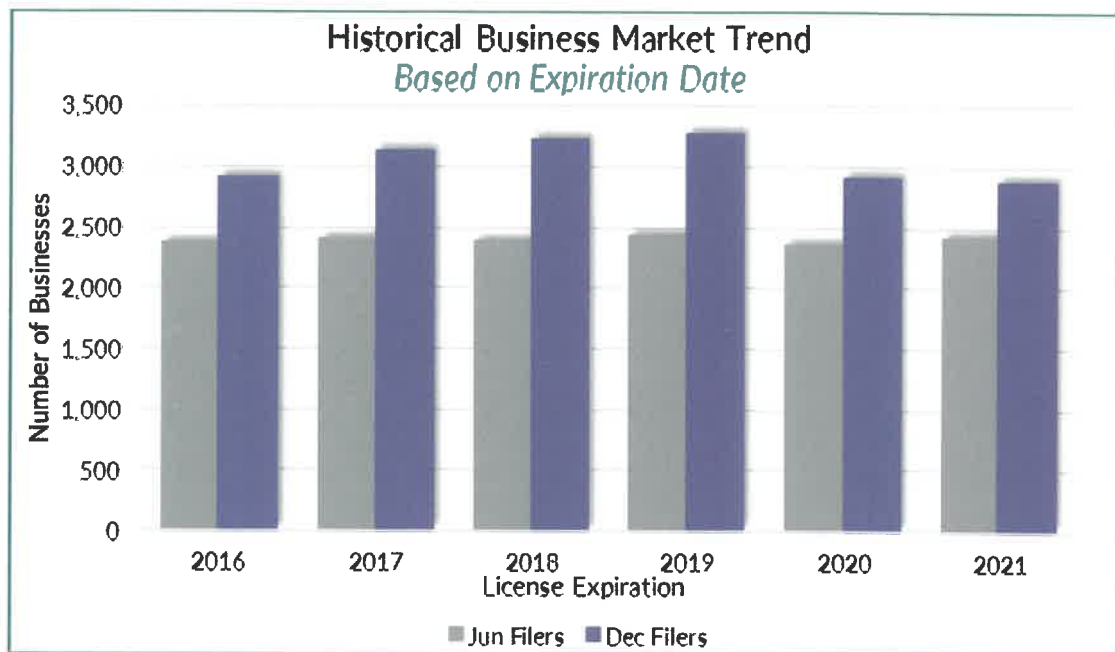
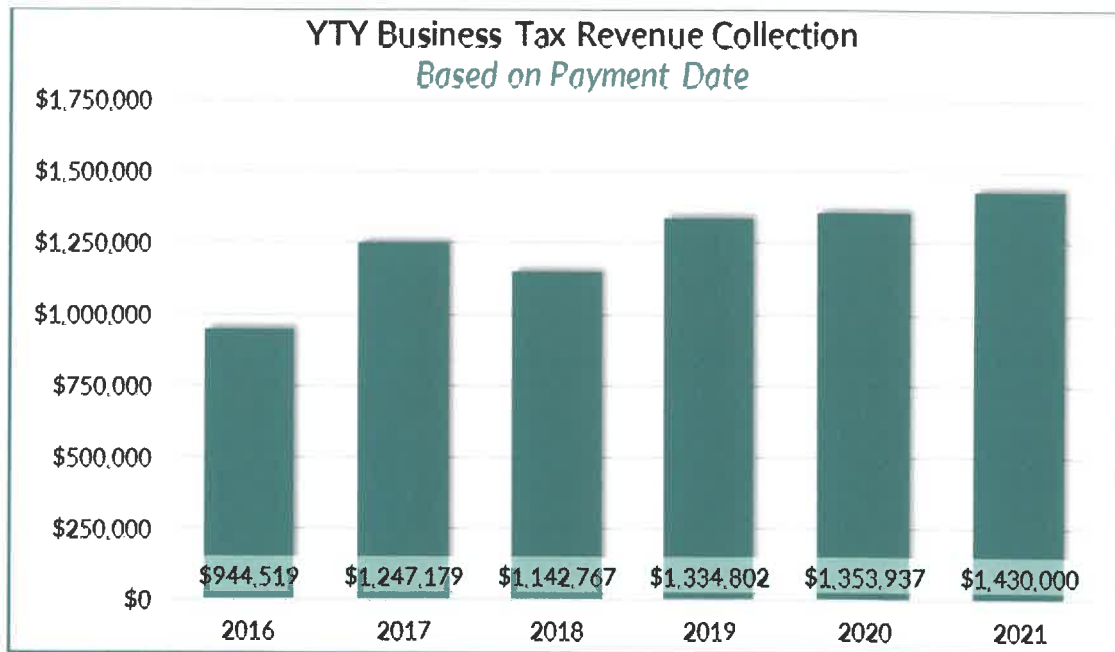
- The pandemic and resulting global public health challenges this year have had a major impact on local governments and the State of California. HdL has worked closely with the City of Upland to implement a series of process changes and outreach programs to the business community during this tumultuous time.

#### *New Business Approval Process – Effective February 2021*

- As of February 2021, the City of Upland implemented a “New Business” process whereby business must first receive an approval from the Zoning Department in order to conduct business in the City. Once a new business has received approval from Zoning, a business license application with City approval documentation is submitted to HdL to complete the remainder of the process. Our team worked with the City to implement this change for this renewal season.

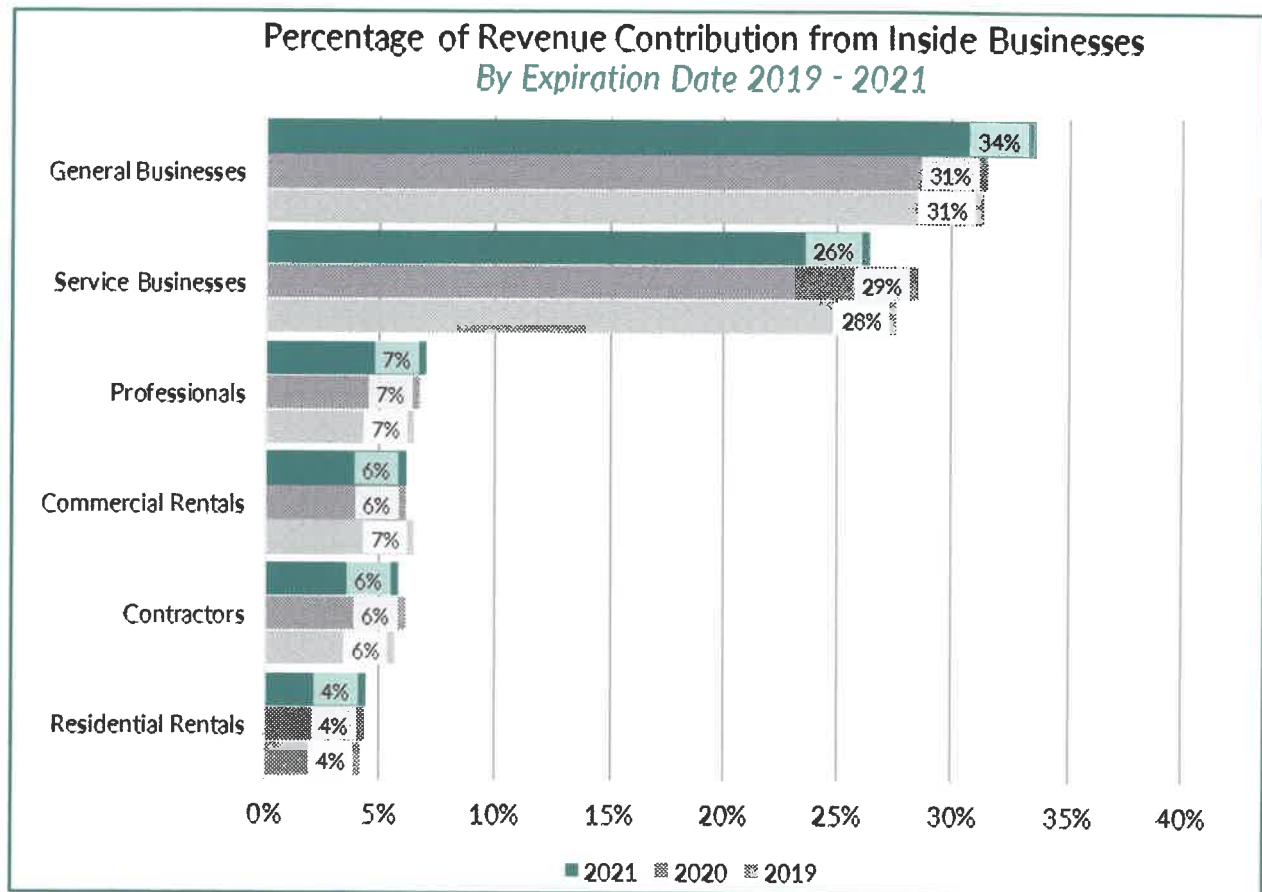
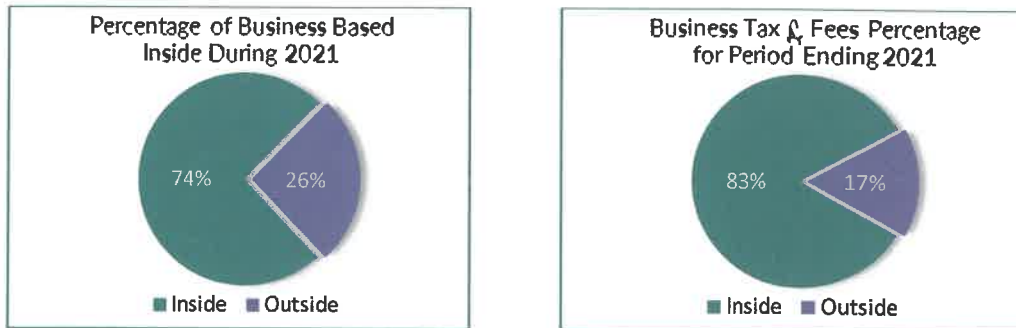
## Operation Management

Over the last five years, HdL has processed approximately 21,650 renewals and 5,400 new applications and stewarded over \$7.4 million in business taxes. The charts below show the Business Tax received for 2016 through 2020 and the count of business license for 2016 through 2021 filing periods. While there has been a decline in 4<sup>th</sup> Quarter business renewals as of 2020, mid-year renewals remain strong. Furthermore, the City's 2020 Business Tax Revenue appears to be in line with the City's steady and continuous growth.



## Business Demographics in Brief

For businesses with a license expiration date of 2021, there are 3,687 businesses inside the City of Upland and 1,288 that are based outside the City. In the comparison below, local businesses contribute not only the majority of businesses tax but hold a slightly greater tax burden.



The categories used in the chart above were simplified to assist with graphic representation of the overall figures.

## New Businesses – Application and Reinstatement

The City of Upland has an average of approximately 1,200 new applications and reinstatements annually and retains an average of 45% of new businesses after their first year of business. New business applications and first renewals saw a dramatic decrease for periods ending 2020/2021 because of COVID-19.

Applied/ Reinstated	Period Ending					
	2016	2017	2018	2019	2020	2021 (YTD)
Inside	652	595	595	648	439	381
Outside	625	704	704	659	344	380
<b>Totals</b>	<b>1,377</b>	<b>1,299</b>	<b>1,299</b>	<b>1,307</b>	<b>783</b>	<b>761</b>

## Annual Business License Renewal

On average, HdL sends 5,350 renewal notices in a year to active businesses registered with the City of Upland. Each business notified receives all the necessary forms and instructions required to complete the renewal process.

Notices Sent Period Ending	2016	2017	2018	2019	2020
June Filers	2,411	2,334	2,303	2,385	2,186
December Filers	2,920	2,869	3,105	3,285	2,958

This year for business renewing their license in January 2021 HdL sent a reminder by mail ahead of the renewal form to direct more businesses to the online portal. As a result, December 2020 saw a boost in online renewals. The summary shows the number of renewals received based on timeframe in which they were submitted and the number of corresponding online renewals.

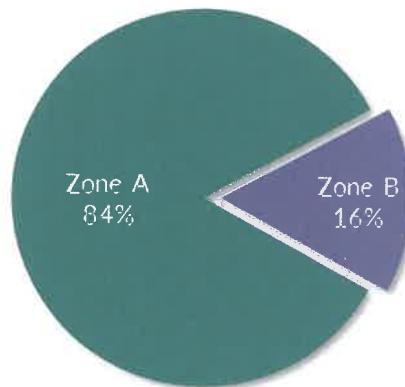
Renewal Status Periods Ending	Renewal Count	Inside	Outside	Online Renewal
2016 Totals	4,126	3,245	881	1,279
2017 Totals	4,230	3,355	875	1,267
2018 Totals	4,312	3,386	926	2,538
2019 Totals	4,385	3,434	951	2,800
2020 Totals	4,468	3,492	976	2,941
2021 Totals	4,253	3,348	905	3,503
<b>Grand Total</b>	<b>21,648</b>	<b>17,015</b>	<b>4,633</b>	<b>13,049</b>

### Parking Business Improvement Area (PBIA)

In addition to Business Tax, HdL also administers and collects the Parking Business Improvement Area (PBIA) fees for approximately 300 businesses in the Downtown area of Upland. Below is a summary of the number of businesses by zone and class type.

PBIA Zones	Business Count 2021	PBIA Revenue 2021
Zone A, Class A	14	\$2,193
Zone A, Class B	57	\$9,850
Zone A, Class C	116	\$37,693
Zone A, Class D	9	\$2,311
Zone A, Exempt / \$0 Fee	26	\$0
Zone B, Class A	2	\$243
Zone B, Class B	31	\$3,050
Zone B, Class C	32	\$5,563
Zone B, Class D	2	\$1,281
Zone B, Exempt / \$0 Fee	6	\$0
Totals	295	\$62,183

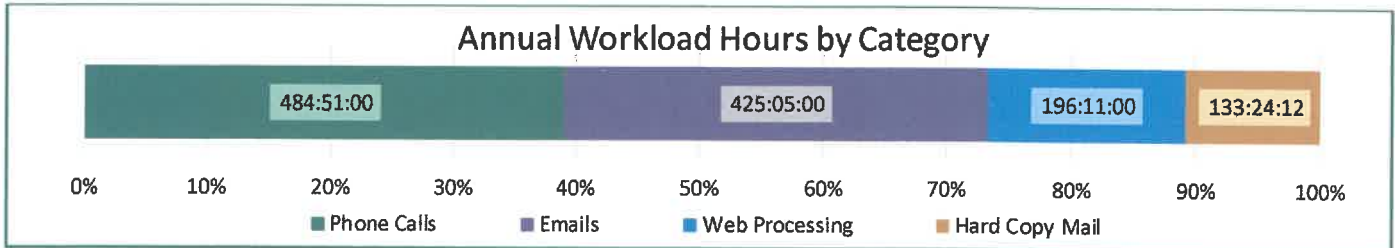
Average Percentage of PBIA Revenue By Zone  
*By Expiration Date*



## Business Support Center

HdL's Business Support Center provides direct access to tax specialists for the City's businesses to ensure prompt and efficient service. Tax specialists are available by phone, e-mail, by web, or by post mail providing multiple means of registering, renewal, making payment, or answering business license related questions.

The following chart shows the annual workload hours by media categories.



### Phone Calls and E-mails

HdL's phone and e-mail system is designed to help business owners reach tax specialists who can best assist them with their specific situation while reducing wait times. Data is collected and analyzed to continuously improve our responsiveness.

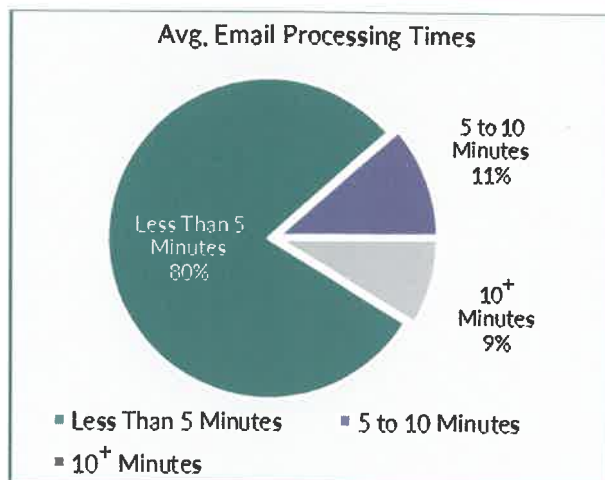
Businesses have wait times of 30 - 60 seconds. Most calls take 5 to 10 minutes from start to finish. Primary calls are questions about their business license or contractors obtaining business license.

Phone Calls	Total
2020 Q1	2,366
2020 Q2	1,229
2020 Q3	1,664
2020 Q4	1,850
2021 Q1	1,308



The majority of e-mails are answered within 2 - 3 business days. The majority of e-mails received for businesses are providing additional information which allow tax specialists to finalize business application and renewals.

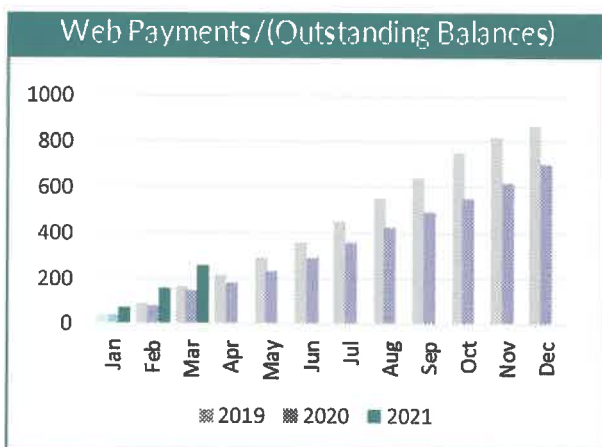
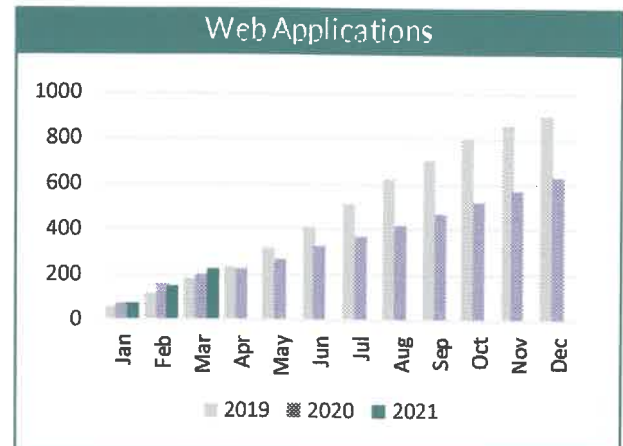
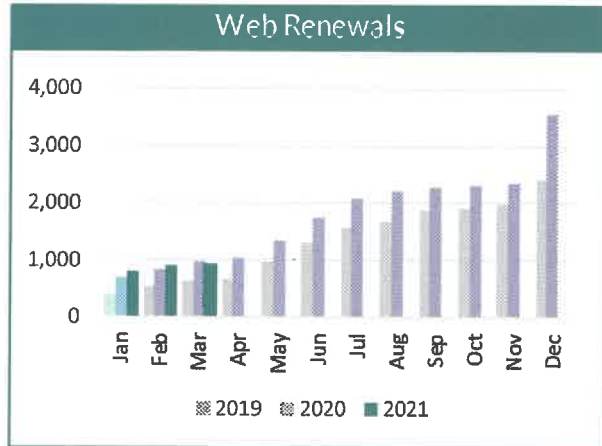
Emails	Total
2020 Q1	1,350
2020 Q2	854
2020 Q3	961
2020 Q4	1,627
2021 Q1	1,583





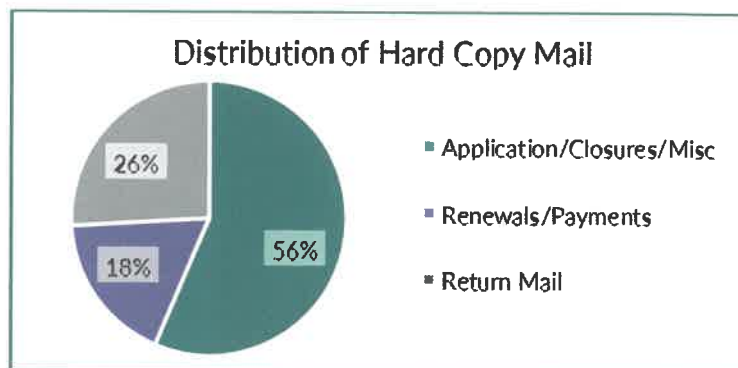
## Web Processing

HdL's online filing system allows businesses to instantly submit business license renewals and new applications, address balances on accounts, or report the closure of their business. An increasing number of the City's businesses file online. We send an e-mail notification to the business when the renewal has been received and then either email or post the certificate to the business.



## Hard Copy Mail

On average, the City receives 170 pieces of mail monthly. 63% percent of those are payments and renewals and 12% are new applications, closures, and supporting documentation.



## Client Support Team

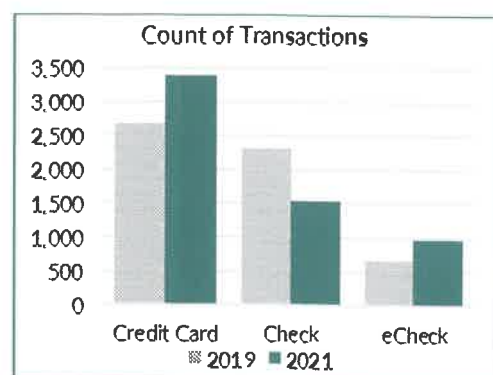
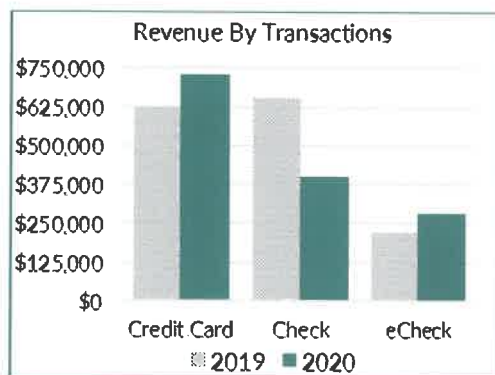
HdL's Client Support Team has closely working with the City of Upland since May 2014. Since the launch, our Client Support Team has built and fostered relationships to troubleshoot or aid in changes the City has implemented. HdL sends remittance and custom reports to City staff on a monthly basis in addition to ad hoc reports. Also, HdL collects and remits SB-1186 funds to the State quarterly and prepares quarterly and annual report filings to State.

### Remittance Support

The table below shows business tax and fees collected in Calendar Year (CY) 2019 and CY 2020.

Remittance Payment Information	CY 2019	CY 2020
Business Tax - Employee Based	\$82,453.79	\$84,019.13
Business Tax - Flat Fee	\$8,362.09	\$6,145.85
Business Tax - Gross Receipts Based	\$1,014,555.40	\$990,715.34
Business Tax - Unit Based	\$43,790.08	\$44,487.41
Business Tax - Penalties	\$185,640.70	\$114,280.31
Special Fees - Bingo	\$50.00	\$50.00
PBID - Zone A	\$62,235.98	\$46,859.80
PBID - Zone B	\$12,628.08	\$9,980.46
New License Application Fee	\$17,719.00	\$14,550.20
Non-Profit Processing Fee	\$2.00	(\$1.00)
Address Amended Fee	\$2.00	\$5,550.90
Badge Permit Fee	\$22.00	\$22.00
Planning & Zoning Fee	\$49,327.65	\$73,769.80
SB-1186 Fees - City Portion	\$20,504.10	\$21,372.50
SB-1186 Fees - State Portion	\$2,336.90	\$2,382.50
Banking Fees	\$245.00	\$146.70
Other	(\$75.60)	\$1.00
<b>Grand Total</b>	<b>\$1,499,799.17</b>	<b>\$1,414,332.90</b>

The following charts show the revenue from and count of transactions by payment method :





## Custom Reports

The City regularly requests custom reports from HdL's Client Support Team. We have provided reports for the the finance department, economic development, PBIA, and other City departments on a weekly, monthly, and annual basis. Below are some of the more common reports that are generated for the City on a reoccurring basis.

- New Business Reports - Weekly and Monthly.
- Top Employee Counts – Requested by Economic Development.
- PBID Reports – Reoccurring listing of active businesses in the downtown area.
- Essential Businesses – Reports generated in response to COVID-19.
- Public Records Request – Ad hoc reports requested by the community.
- NPDES Business Report – Report generated in response to SB 205.
- “In-City” Active Business Reports – City requested reports focusing on specific business sectors such as salons, restaurants, tobacco shops, and others.

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## Conclusion

HdL has provided the City with services that are geared towards adding value and allowing operational flexibility. HdL's Business Support Center serves the business community with efficiency and care while HdL's Client Support Team provides white glove financial, operational, analytical reports as well as collaborating on solutions to external events. HdL looks forward to furthering our partnership with the City of Upland.

**EXHIBIT B**  
Tax and Fee Administration Services and Fees  
Business License Tax and Fees  
City of Upland, CA

**EXHIBIT B** – This **EXHIBIT B** provides the scope of Services and Fees for tax and fee administration related to business license tax and fees pursuant to the Master Services Agreement dated September 12, 2022 (“MSA”).

The MSA includes the main body of the MSA, this Schedule, and all other Schedules to the MSA. Terms not otherwise defined herein have the definitions given to them within the main body of the MSA.

**SCOPE OF SERVICES**

Consultant will provide the following **Services** relative to Client’s business license tax administration.

**1. Operations Management Services**

- 1.1. Establish and maintain database of Client businesses.
- 1.2. Receive and process applications, renewals and payments in a timely fashion.
- 1.3. Send renewal notices to active businesses within 30 days of the renewal period end date or at another interval specified by Client.
- 1.4. Provide businesses multiple options for submitting applications, renewals, payments, or support requests (including via website, email, mail, phone, and fax. Consultant license specialists will be available for live interactions Monday through Friday, 8:00am to 5:00pm Pacific).
- 1.5. Remit revenue to Client no less than monthly.
- 1.6. Provide Client staff access to website portal offering business registry inquiry, reporting, and electronic department approval capabilities.

**2. Compliance Services:** 1) Identify and register businesses which are subject to licensure or taxation, 2) collect known debt as pertains to business license or tax, and 3) identify under-reported tax liability.

**2.1. Discovery Services**

- 2.1.1. Develop a list of businesses subject to Client licensure or taxation.
- 2.1.2. Notify non-compliant businesses of their options to comply or dispute their non-compliant status. Notification and support to businesses will be facilitated through the website, mail, email, phone and fax.
- 2.1.3. Review information and forms submitted by the business for completion and accuracy, inclusive of any additional required documentation (i.e. home occupation permit). All submissions are filed and stored electronically and made available to Client upon request.
- 2.1.4. Provide businesses with detailed invoicing and options to pay via website, mail, and phone.
- 2.1.5. Remit revenue to Client no less than monthly, along with all business applications and any additional documentation.

**2.2. Collection Services**

- 2.2.1. Identify businesses subject to Client licensure or taxation which have known debt to Client and have failed to pay within an appropriate time frame.
- 2.2.2. Notify businesses of their options to comply or dispute their non-compliant status.
- 2.2.3. Provide businesses with detailed invoicing and options to pay via website, mail and phone.
- 2.2.4. Remit revenue to Client no less than monthly.

**2.3. Audit Services**

- 2.3.1. Identify potential under-reporting and/or misclassified businesses.
- 2.3.2. Audit businesses mutually agreed to by Client and Consultant that are identified as potential under-reporting businesses.
- 2.3.3. Submit audit summaries to Client and discuss further actions.
- 2.3.4. Educate businesses on proper reporting practices.

## **EXHIBIT B**

### **Tax and Fee Administration Services and Fees Business License Tax and Fees City of Upland, CA**

2.3.5. Invoice and collect identified delinquencies.

- 3. Online Payment Processing** – Consultant’s services include PCI compliant payment processing services powered by FIS Global, which supports both credit card and eCheck transactions.

**3.1. Client Responsibilities**

3.1.1. As a condition to its receipt of the Service, Client shall execute and deliver any and all applications, agreements, certifications or other documents required by FIS Global, Networks or other third parties whose consent or approval is necessary for the processing of Transactions by FIS Global. “Network” is an entity or association that operates, under a common service mark, a system which permits participants to authorize, route, and settle Transactions among themselves, including, for example, networks operated by VISA USA and Mastercard, Inc., NYCE Corporation, American Express, and Discover.

3.1.2. Client hereby grants Consultant the full right, power and authority to request, receive and review any Data or records reflected in a Transaction report. Client represents and warrants that it has the full right and authority to grant these rights.

## **FEES**

**4. Operations Management Services**

- 4.1. Fees for performing operations management Services shall be \$16.00 for each processed account, which is any account for which an application or renewal/return was processed, or active account which was sent a renewal notice.
- 4.2. Fees will be increased as of January 1st of each calendar year with reference to the 12-month percent change in the most recently published annual Consumer Price Index for All Urban Consumers (CPI-U), West Region, as reported by the U.S. Bureau of Labor Statistics (the “CPI Change”). Each annual increase in the Fees will be equal to the greater of two percent (2%) or the actual CPI Change and the lesser of ten percent (10%) or the actual CPI Change. For example, if the actual CPI Change is 1.5%, then the annual increase will be 2%, if the actual CPI Change is 3.5%, then the annual increase will be 3.5%, and if the actual CPI Change is 12%, then the annual increase will be 10%.
- 4.3. Fees related to travel and lodging expenses are billed at cost and apply to all meetings (including implementation, training, operations and support). Travel expenses only apply to out-of-scope travel and must therefore be pre-approved by Client.
- 4.4. Fees will be invoiced monthly to Client for Services performed during the prior month. Fees will be netted out of Client’s monthly revenue disbursement. Client will submit payment for any balance due to Consultant within 30 days of receiving the invoice.

**5. Compliance Services**

- 5.1. Fees for performing compliance Services apply to all monies received for the current tax/license period and any other prior period collected (including monies received for taxes, penalties, interest, and fees). Note: HdL understands the City has an active enforcement program and realizes the two programs may overlap with each other. As such, accounts worked by both the City and HdL will result in the standard fee discounted by 50%.
- 5.1.1. Fees for performing discovery Services shall be a contingency Fee of 40% of the revenues received as a result of the Services.
- 5.1.2. In the event that Client discovers a non-compliant business and reports the business to Consultant (including a calculation of all taxes/fees due), Consultant will categorize the business as a collection service effort and thus apply the lower collection Services contingency Fee rate.

**EXHIBIT B**  
**Tax and Fee Administration Services and Fees**  
**Business License Tax and Fees**  
**City of Upland, CA**

- 5.1.3. Fees for performing collection Services shall be a contingency Fee of 25% of the revenues received as a result of the Services.
- 5.1.4. Fees for performing audit Services shall be a contingency Fee of 40% of the revenues received as a result of the Services.
- 5.2. Consultant recognizes Client's authority to waive or reduce the tax/fee debt of a business. Should Client decide to do so for a business whose deficiency was identified by Consultant, Consultant shall be entitled to compensation in the amount of one half (1/2) of the Fees Consultant would have otherwise earned. Deficiencies which are uncollectable due to insolvency or dissolution of the business, or for deficiencies which are otherwise incapable of collection (i.e. statute of limitation or other legal defense) shall not be considered a Client voluntary election to waive, and thus, Consultant would not be entitled to compensation related thereto under this provision.
- 5.3. Fees related to travel and lodging expenses are billed at cost and applied to all meetings (including implementation, training, operations, and support). Travel expenses only apply to out-of-scope travel and must therefore be pre-approved by Client.
- 5.4. Fees will be invoiced monthly to Client for Services performed during the prior month. Fees will be netted out of Client's monthly revenue disbursement. Client will submit payment for any balance due to Consultant within 30 days of receiving the invoice.
- 6. Payment Processing** – Consultant will configure payment processing services to utilize either a taxpayer funded model (convenience fee) or Client funded model, as directed by Client. Client may switch between these models upon written request to Consultant. Fees for each of these payment processing models are detailed here.
- 6.1. Taxpayer funded model – Client authorizes Consultant to collect each convenience fee from the taxpayer at time of payment.
- 6.1.1. Credit and debit card processing – 2.9% of transaction amount, minimum of \$2.00
- 6.1.2. ACH/eCheck processing - \$1.25 per transaction
- 6.2. Client funded
- 6.2.1. Credit and debit card processing – 2.9% of transaction amount
- 6.2.2. ACH/eCheck processing - \$0.50 per transaction
- 6.3. Returned payments/NSF fee – Each occurrence of a card chargeback, returned payment or insufficient funds will incur a fee of \$25.00, to be applied to the taxpayer's account.
- 6.4. Consultant reserves the right to review and adjust pricing related to payment processing services on an annual basis. Consultant will communicate any such adjustment to Client in writing, with 60 days advance notice. Items that will be considered in the review of fees may include, but are not limited to: regulatory changes, card association rate adjustments, card association category changes, bank/processor dues and assessments, average consumer payment amounts, card type utilization, and costs of service.